

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

[Columbia, South Carolina]

HEARING # 11-11215

SEPTEMBER 7, 2011

6:00 P.M.

DOCKET NO. 2011-47-WS:

CAROLINA WATER SERVICE, INC. - Application for an Increase in Rates
for Water and Sewer Services Provided in South Carolina Service
Areas

TRANSCRIPT OF TESTIMONY
AND PROCEEDINGS

VOLUME 4 OF 6

HEARING BEFORE: John E. 'Butch' HOWARD, *CHAIRMAN*, David
A. WRIGHT, *VICE CHAIRMAN*; and COMMISSIONERS Elizabeth B.
'Lib' FLEMING, G. O'Neal HAMILTON, Randy MITCHELL, Swain E.
WHITFIELD, and Nikiya 'Nikki' HALL

ADVISOR TO COMMISSION: B. Randall Dong, Esq.

STAFF: Joseph Melchers, General Counsel; James Spearman, Ph.D.,
Executive Assistant to Commissioners; William O. Richardson,
Advisory Staff; Jo Elizabeth M. Wheat, CVR-CM-GNSC, Court Reporter;
and Calvin Woods, Hearing Room Assistant

APPEARANCES:

**CHARLES L.A. TERRENI, ESQUIRE, and SCOTT
ELLIOTT, ESQUIRE**, representing CAROLINA WATER SERVICE,
INC., APPLICANT

**NANETTE S. EDWARDS, ESQUIRE, and JEFFREY M.
NELSON, ESQUIRE**, representing THE OFFICE OF REGULATORY STAFF

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

I N D E X**PAGE**

<u>REMARKS OF SEN. RONNIE W. CROMER</u>	656
<u>REMARKS OF SEN. JOHN M. ‘Jake’ KNOTTS</u>	658
<u>TESTIMONY OF JAMES KLUGH</u>	663
<u>TESTIMONY OF LESLIE HENDRIX</u>	667
Cross Examination by Mr. Nelson	677
Hearing Exhibit No. 30	
[Submitted documentation]	678
Examination by Commissioner Mitchell	680
<u>TESTIMONY OF RUSSELL STOCKER</u>	682
Cross Examination by Mr. Nelson	687
<u>TESTIMONY OF JAKE BRACKETT</u>	689
<u>TESTIMONY OF DAVID NIELSEN</u>	692
Cross Examination by Mr. Nelson	693
<u>TESTIMONY OF CLAIRE FORT</u>	695
Cross Examination by Mr. Nelson	699
<u>TESTIMONY OF SUSAN DAVIS</u>	700
<u>TESTIMONY OF ALBERT ORR</u>	704
<u>TESTIMONY OF BEVERLY PINNELL</u>	708
<u>REPORTER’S CERTIFICATE</u>	712

P R O C E E D I N G S

CHAIRMAN HOWARD: Please be seated. I'll call this hearing to order, and I'll ask Attorney Dong if he will read this docket.

MR. DONG: Good evening. My name is Randall Dong, and I am counsel for the Commission. Tonight we're having public witness testimony. This is, I suppose, an extension of the hearing that we had previously in Lexington County, and tonight we're going to take public witness testimony regarding the petition for a rate increase by Carolina Water Service, Docket No. 2011-47-WS.

I'm going to call up the witnesses in the order that they have signed up. And we are going to have a timer; Mr. Richardson is going to set the timer for five minutes per person, to try to accommodate as many people as we can, as many people as would like to speak.

I think -- I see Sen. Knotts here, so I'll turn it back over to the Chairman.

CHAIRMAN HOWARD: I see Sen. Knotts and Sen. Cromer. Thank you very much for coming. And if -- I'd like for both of you to say a few words, and -- if you would, Sen. Cromer.

SEN. CROMER: Thank you, sir. I won't take a

1 full five minutes. It's the first time I've
2 appeared before the Public Service Commission. I
3 think I know most all of you that are serving. And
4 I will say this, on behalf of the folks who have
5 come to this meeting and the previous meeting, is,
6 I do think the increases in rates that have been
7 asked for are extremely exorbitant based on the
8 past performance of Carolina Water, and a lot of
9 the problems that they have had may be increasing
10 their own expenses by not replacing outdated water
11 lines, those with leaks, and all.

12 Having served on Newberry County Water & Sewer
13 Authority for a number of years, I have quite a bit
14 of knowledge as to how much water you can lose if
15 you don't replace those lines, if you don't
16 maintain the lines.

17 So, that having been said, I did read in *The*
18 *State* paper this morning that -- and I don't think
19 you folks have taken a vote yet, but *The State*
20 paper led most of us to believe that you are
21 considering the fact that the request for the rate
22 hike is extremely exorbitant and you're looking at
23 maybe like one-eighth of that or somewhere in that
24 vicinity. So, I would strongly encourage you to
25 please take a look at that. With the smaller crowd

1 that we have tonight compared to the last crowd
2 that we had, I think everybody read *The State* paper
3 today and got the impression that you'd pretty much
4 already made up your mind, even though I don't
5 think you've taken the vote yet.

6 So, that being said, I won't make any further
7 comments, and I'll leave the floor and the time for
8 anyone else that wishes to make some comments.
9 Thank you, very much.

10 **CHAIRMAN HOWARD:** Thank you, Sen. Sen.
11 Knotts.

12 **SEN. KNOTTS:** Thank you, Mr. Chairman. I
13 appreciate the fact that you all are looking at
14 this tonight, and I appreciate you all coming into
15 my district last -- a month or so back, a couple
16 months back, and listening to that crowd that was
17 there.

18 The problem that exists here is the people out
19 there are in dire need of good water, and they need
20 it like anybody else in Lexington County or anybody
21 else in this State, where the water that they get,
22 they can be assured is good water, and when they
23 come home in the afternoon after working hard to
24 make money to pay this high water bill, to be able
25 to know that they'll have water to cook for their

1 family, water to take a bath. And it is a
2 necessity in life. You think gas is a necessity?
3 Water is a necessity. You can't live without
4 water.

5 But, the problem we've had is not just
6 starting. This is not the first time that Carolina
7 Water has promised to do things. Instead, they
8 used to have a company in South Carolina, a place
9 that the people could go and make a complaint if
10 they had a problem with their bill. There's
11 usually something wrong with it. It's always
12 blamed on the computer system. Or, they got a
13 complaint with a busted line that the people that
14 own the line, that's serviced by that line, has
15 ended up paying the repairs.

16 I mean, this is a company that comes here and
17 buys water from public utilities or either drills
18 their own well, and just basically runs through a
19 line that is outdated, most of the time rusty or
20 got problems with it. But yet, they can't sell
21 the company, because it's like a farmer coming to
22 the market with rotten tomatoes; you can't sell it
23 to the public if they look at it. You can't see
24 the water line, but you can prove that they have a
25 big customer base because this Public Service

1 Commission and the State of South Carolina has
2 allowed them to go up with these exorbitant rates.

3 I've got a gentleman sitting here in the
4 audience, in the audience here. He owns a car
5 wash. It's cheaper for him to go to work and use
6 the water in the City of Columbia to wash hundreds
7 of cars -- 900 cars a month -- than it is for him
8 to come home and bathe his child, and his wife to
9 get water for the use of his home off of Carolina
10 Water. The other water is in the City of Columbia.
11 There's something wrong with this picture.

12 And when you call and you don't have a place
13 to make a complaint in the State of South Carolina
14 -- the last time we had a problem, they were going
15 to fix it. The water bills was wrong; the computer
16 system was the reason. The people bought that.
17 The people wanted to work with them. But instead,
18 they close up their complaint division, because
19 they were obviously getting too many complaints.
20 So, they just closed up, and you've got to talk to
21 somebody in Florida or out of state -- Jersey or
22 Illinois or somewhere like that. That's not the
23 way a business ought to do business in South
24 Carolina.

25 And I really think that it's up to this

1 Commission to ensure and make sure that any kind of
2 negotiation that you do with them depends on what
3 they do before they get any type of rate hike, as
4 to whether or not they get it or not. Let's quit
5 throwing the pig in the poke. Let's give these
6 people in the Carolina Water Service district some
7 real justice, and make them produce. Don't
8 promise. The promises have been going on for years
9 and years and years, and my people are tired of
10 promises. They want results. They want action.
11 And I expect results and action.

12 If they want to be a good company in South
13 Carolina, let's let them prove it first, and put
14 some of the money that they're taking out of state
15 on the backs of these people to work in South
16 Carolina to give these people good water service.

17 Now, I hate to be that hard on everything but
18 it's time that the truth is spoken and it's made
19 with real justice for these people. And it's up to
20 this Commission to see it be done. And that's what
21 you're there for; you've got a hard decision. But,
22 either make them produce, come up with an agreement
23 to sell the company -- but they can't sell it
24 because they've got rotten pipes in the ground and
25 they've got old equipment, but yet they've got on

1 paper a customer base that's got a lot of money
2 coming in. They might find some fool, but whoever
3 they find that buys it is going to come here and
4 they're going to have the same problem, and they're
5 going to be faced with replacing that equipment.

6 You all need to make them replace that
7 equipment. They've been here 20, 30 years, at
8 least. They've sucked the pocketbooks of our people
9 long enough. We need to get results, and I hope
10 that y'all do that. Thank you.

11 [Applause]

12 **CHAIRMAN HOWARD:** Attorney Dong.

13 **MR. DONG:** The first witness is James Klugh.

14 **COURT REPORTER:** Sir, we need you to come up
15 here to the witness stand.

16 **MR. KLUGH:** I knew I didn't want to be first.

17 [Laughter]

18 **COURT REPORTER:** And we need to swear you in
19 before you start.

20 **MR. KLUGH:** Okay.

21 [Witness sworn]

22 THEREUPON came,

23 **J A M E S E . K L U G H ,**
24 who, having been first duly sworn, testified as follows:

25 **MR. DONG:** Sir, if you would, say your name

1 and address for the record when you start, okay?

2 **WITNESS:** My name is James Eugene Klugh. I
3 reside at 2 Wise Ferry Court, Lexington, South
4 Carolina, which is located in Lands End townhouse
5 development.

6 Lands End -- I'm speaking tonight as president
7 of the Lands End Homeowners Association. Lands End
8 consists of 114 homes located on some 114
9 individually deeded lots, plus the association has
10 some ten acres or so, of common property. I am
11 speaking in opposition to the requested rate
12 increase.

13 I have been a homeowner at Lands End for some
14 27 years, and a full-time resident for the last 18
15 years, so I have some background as far as the
16 service that Carolina Water Service provides to the
17 Lands End area. We at Lands End read with great
18 interest this morning the article in *The State*
19 newspaper, talking about the findings of the State
20 Office of Regulatory Staff that Carolina Water
21 Service deserves a \$367,000 rate increase rather
22 than a \$3 million rate hike that has been
23 requested. This is very useful information for us,
24 because we really don't have the ability to truly
25 evaluate Carolina Water Service's requested rate

1 increase. We hope that the Public Service
2 Commission will give serious consideration to this
3 study.

4 The information that we've gathered makes us
5 question whether any rate increase is warranted or
6 not. When we look at water and sewer rates for
7 residential customers in our area, based on 2,000
8 gallons of usage per month, we see that in looking
9 at customers served outside of the corporate limits
10 of municipalities, being an unincorporated area, we
11 see that the City of West Columbia has a \$20 rate
12 per month for 3,000 gallons of water and sewer
13 service per month; the Town of Lexington charges
14 \$39 for the 2,000 gallons; the City of Columbia,
15 \$40; the City of Cayce, \$43; the Joint Municipal
16 Water & Sewer Commission, \$44. Carolina Water
17 Service currently is at \$65, which is 47 percent
18 higher than the Joint Municipal Water Service
19 Commission rate, which is the next highest to
20 Carolina Water.

21 We at Lands End have a special burden to bear
22 with Carolina Water Service. When Lands End was
23 developed, at the time that it was finished,
24 property was deeded for the development of a
25 treatment plant, a sewage treatment plant adjacent

1 to Lands End. The treatment plant is located
2 within our gated community and is off of our main
3 road, which is Spencers Drive. It currently serves
4 Lands End and a number of subdivisions and
5 neighborhoods in the vicinity of Lands End. This
6 has been a significant and well documented -- there
7 has been a significant and well documented odor
8 problem with this treatment plant for many years.

9 In an undated letter to "Dear Customers at
10 Lands End," Carolina Water Service said sometime
11 back that between 2005 and 2010, "CWS has spent
12 approximately \$10 million on capital expenditures
13 for various projects throughout our systems." Then
14 they go on to list specific projects, and near the
15 end they list, "Installation of odor control
16 equipment and use of chemical agents to minimize
17 the impact of odor emissions on nearby
18 neighborhoods at Friarsgate and Watergate." And
19 the only listed improvement at Lands End was to
20 deal with the odor problem.

21 The fact is, is that the only listed
22 improvement during this period of 2005 to 2010 was
23 and has been a major failure. The odor problem
24 continues to exist and, to put it mildly, it's
25 still a significant problem. It's a documented

1 fact that these odors affect the sale of homes in
2 our community.

3 On behalf of the 114 homeowners and Carolina
4 Service customers at Lands End, I urge you to give
5 serious consideration to the Office of Regulatory
6 Staff report that says that Carolina Water Service
7 deserves no more than one-eighth of the rate hike
8 it wants, and ask you to seriously consider whether
9 any rate increase is warranted or not. Thank you.

10 [Applause]

11 **CHAIRMAN HOWARD:** Thank you. Mr. Terreni, any
12 questions?

13 **MR. TERRENI:** No questions for this witness.
14 We thank you for coming tonight.

15 **CHAIRMAN HOWARD:** ORS?

16 **MR. NELSON:** No questions. Thank you, Mr.
17 Chairman.

18 **CHAIRMAN HOWARD:** Commissioners?

19 [No response]

20 Mr. Klugh, you may step down. Thank you for
21 coming.

22 **WITNESS:** Thank you.

23 [WHEREUPON, the witness was excused.]

24 **MR. DONG:** Leslie Hendrix?

25 [Witness sworn]

1 THEREUPON came,

2 L E S L I E A . H E N D R I X ,

3 who, having been first duly sworn, testified as follows:

4 COURT REPORTER: Have a seat, please, and give
5 your name and address, to start.

6 WITNESS: I'm Leslie Hendrix. I live at 125
7 Dutch Point Road, Chapin, South Carolina 29036.

8 Thank you, Commissioners, for looking out for
9 the public interest in this case and in others.
10 May I have ten minutes, if it's necessary, to
11 provide testimony tonight?

12 CHAIRMAN HOWARD: I beg your pardon?

13 WITNESS: May I have ten minutes instead of
14 five in which to present testimony this evening?

15 CHAIRMAN HOWARD: How much money -- how -- how
16 many minutes you want?

17 [Laughter]

18 I can't talk.

19 WITNESS: I may get done in five minutes, but
20 may need ten. So, I'm just asking.

21 CHAIRMAN HOWARD: You go ahead and say what
22 you've got to say. Take your time.

23 WITNESS: Okay. And I have some papers. May
24 I hand them out? Something for you guys to look
25 at?

1 **CHAIRMAN HOWARD:** Mr. Richardson -- if you
2 will give them to Mr. Richardson, he will handle
3 those.

4 **WITNESS:** Thank you, very much [indicating].

5 **MR. RICHARDSON:** [Indicating.]

6 [Document(s) distributed]

7 **WITNESS:** Okay. First of all, I want to say
8 that I absolutely disagree with allowing Carolina
9 Water Service to have a rate increase for their
10 customers, due to water quality issues. I'm
11 handing you the water quality reports for just two
12 neighborhoods near me in Chapin, South Carolina: a
13 2009 water quality report and a 2010, for the
14 Smallwood/Lakewood/Arrowhead Shores subdivision
15 where they've had arsenic and radioactive
16 contaminants in their wells; also, a 2010 water
17 quality report for the Indian Fork/Forty Love
18 subdivision, which I know you have heard a lot of
19 protests and have had witness testimony about their
20 water quality issues. There's also documented
21 radioactive contaminants in their wells, according
22 to the water quality report from the Utilities,
23 Inc., website.

24 So, overall I absolutely disagree with
25 allowing this company to have a rate increase.

1 However, as a lot of you Commissioners know,
2 I've become kind of an advocate for the consumer,
3 with water rates in South Carolina, particularly
4 the pass-through mechanism. For distribution-only
5 customers, the pass-through mechanism wording needs
6 to change.

7 Under the current mechanism, the -- under the
8 current mechanism, our water company, Utilities,
9 Inc., and their five wholly owned subsidiaries,
10 allow their bulk water provider charges to be
11 divided up on a pro rata basis. This current
12 language does not incent the water company to make
13 necessary repairs on their water lines, to lock
14 meters when residents move out, or to have any kind
15 of action taken for any water loss. The water loss
16 is all on the shoulders of the consumer. All of
17 it. If 50 percent is lost, if 100 percent is lost,
18 it's all on the shoulders of the consumer.

19 I have one video to show from my YouTube
20 channel, my leslieahendrix YouTube channel, for
21 what water leaks look like when Utilities, Inc.,
22 lets their lines disintegrate and doesn't have any
23 incentive to fix them up.

24 [Reference: YouTube leslieahendrix channel,

25 "SDC10216" <http://www.youtube.com/watch?v=qBDxGHFvZtU>]

1 Residents of my neighborhood paid for every
2 penny of this water that was lost. This was the
3 second time in a year that this particular location
4 had a leak, in the same location. If you peruse
5 through my YouTube channel, you will see evidence
6 after evidence of leak after leak after leak that
7 our residents have had to pay for, in total. Thank
8 you, very much.

9 All right. So, the pass-through mechanism
10 just needs to change. It's not fair, the way it's
11 happening right now, to the consumer at all. The
12 water company is allowed to lose as much water as
13 they want. People are stealing water, water is
14 being lost. And they have actual incentive not to
15 repair the lines under the current mechanism. Why
16 would they repair the lines? All they have to do
17 is a minimal repair. We pay for all of the water
18 that's lost, every single last little drop. They
19 lose nothing when they have a leak, because we pay
20 for it.

21 However, if the pass-through still exists at
22 all, it should be that only the rate that the bulk
23 provider charges should be passed through to the
24 customer, at the rate that the bulk provider
25 charges to the utility, and only for the amount of

1 gallons that pass through a customer meter, without
2 the base facilities charge for the bulk water
3 provider included. That should not be paid for
4 twice by consumers. Currently we pay for a base
5 facilities charge for Utilities, Inc., and also for
6 the bulk water provider.

7 I do not agree -- I agree with Dawn Hipp's
8 direct testimony that the pass-through mechanism
9 would be better worded for everybody to take out
10 the words, "on a pro rata basis." However, I
11 disagree with allowing a 10 percent markup in the
12 rate that the bulk provider is charging.

13 [5-minute alarm]

14 If you allow this wording, this language, even
15 for a year, to go onto the record and be passed on
16 to these customers, you are allowing this company
17 to continue to do gross negligence to the
18 customers. They have no incentive to lock meters.
19 This is a habitual problem with this company.
20 Unlocked meters, water theft, they don't have to
21 track it down because we, the customers, pay for
22 every single penny that they lose, and we have no
23 control over the water that's lost.

24 Giving them a 10 percent buffer right off the
25 bat doesn't give them incentive to fix their water

1 lines, track down customers who haven't paid their
2 bills, and lock meters.

3 All right. So, also, in Dawn Hipp's testimony
4 I noticed that based on their small samples -- it
5 wasn't even a large sample -- they found nine
6 residential customers located within the Carolina
7 Water Service territory that were identified as
8 receiving service but not entered into the Customer
9 Care and Billing software and, consequently, not
10 billed by CWS. That is exactly the kind of
11 negligence I'm talking about.

12 Now, if the 10 percent buffer would be
13 allowed, what are we allowing? What is 10 percent?
14 For the approximately 2,100 customers in the I-20
15 area, that's 210 homes that they don't have to
16 worry about. People could be living in them and
17 stealing the water. It could be pouring out on the
18 street, it doesn't matter. That's 210 homes that
19 the other residents are wearing on their backs,
20 okay? And their bills. 10 percent is a lot to ask
21 the customers to pay for this company's negligence.
22 It's a lot.

23 If they're allowed to have this 10 percent
24 buffer, they still will not worry about fixing old
25 leaky pipes. They will have no incentive to fix

1 the old leaky pipes, because, why should they?
2 They have a built-in 10 percent buffer on the water
3 that's passed through from the bulk provider.

4 I think this company makes capital
5 improvements when they are forced to make capital
6 improvements. In testimony after testimony after
7 testimony that I have read in several cases seen
8 before this Public Service Commission, I have
9 noticed that these capital improvements are in
10 large part done when they are forced to do it
11 because of DHEC violations or customer complaints
12 and coming in front of the Public Service
13 Commission.

14 Now, the other exhibit that I handed out is
15 the 2009 annual report and two water-loss reports
16 provided by Carolina Water Service to the Office of
17 Regulatory Staff sometime before or during this
18 rate proceeding. If you will notice -- I question
19 are they losing water. If you will notice the
20 2008-to-2009 water-loss report and also the 2006-
21 to-2007 water-loss report that I got my hands on,
22 the one where they let the tally happen at the
23 bottom of the sheet for water loss, for the total
24 period from October 2006 to November 2007 -- it's
25 on the second page of that document -- they're

1 saying that they lost only 3 percent of water, so
2 why would they need a 10 percent buffer? On their
3 water-loss report they tell us they're not losing
4 any water.

5 Now, if you'll look at the February 2008 to
6 April 2009 water-loss report, they didn't tally up
7 the bottom. They didn't put a total in. You see
8 the asterisk and REF sign that means Excel was told
9 not to tally up those totals? That's because, if
10 you'll notice in the second to the right-hand last
11 column, they have ten months out of 13, of negative
12 water loss. They gained water. The customers
13 bought more water than came through the master
14 meters. So, if you tally that up, which I did in a
15 quick calculation on my hand calculator -- so I
16 could've made an error, so I'm sorry if those
17 numbers aren't exactly correct, but as you can see
18 with ten negative numbers and three positive ones,
19 we're going to end up with a negative number at the
20 end -- my quick computation came up with a 13
21 percent gain over that period. So, when they try
22 to show no water loss, they don't have water loss.
23 So, should we believe them when they say they don't
24 have any water loss and not give them the 10
25 percent buffer? That could be a good argument.

1 But, if you look at the 2009 annual report,
2 which is the page with the much shorter spreadsheet
3 on it, I have been able to match up three of the
4 billing periods on that 2009 annual report to three
5 of the billing periods on the February 2008 to
6 April 2009 water-loss report, and I put them in
7 rectangles so it would be easier to find on the
8 water-loss report. It's very small, and I have a
9 really hard time reading it, but I've matched up
10 the numbers. And if you notice, the unaccounted-
11 for water in the very right-hand column of the 2009
12 annual report reflects a 29 percent, 25 percent,
13 and 40 percent water loss, consecutively, for those
14 three billing periods that I was able to match up.
15 But, that is when they are trying to show the
16 Office of Regulatory Staff that they're not
17 overcharging their customers.

18 So they can't say that they collected on 15
19 million gallons when they were only charged for 10
20 million gallons, when it comes to making the money
21 come out all right on the other end. However, when
22 they have to make the water loss come out right on
23 the other end, it always seems to magically come
24 out to some number near zero. Do you see what I'm
25 talking about, on the spreadsheets? Or was I not

1 clear with the squares? Their numbers contradict
2 themselves.

3 I hope I didn't go over my ten minutes. I
4 believe -- oh, as a side note, I challenge the
5 allocation of -- if you'll notice on those water-
6 loss reports that you've got in front of you,
7 there's water that is being allocated to the
8 wastewater treatment plant, and I think that this
9 water was charged to the water customers in their
10 bulk rates, and I hope that somebody looked into
11 that. I just wanted to raise that issue because I
12 don't think that's right to charge the water
13 customers for sewer, water that they were using at
14 their sewer plant.

15 Also, I challenge the allocation of costs for
16 the Customer Care and Billing. I notice that they
17 claim 22,000 customers in South Carolina, and
18 300,000 customers across the nation, and that's
19 where they came up with the 7 percent figure to
20 allocate costs for the Customer Care and Billing
21 system into this rate proceeding. However, Lisa
22 Sparrow's testimony says that they have about a
23 million customers, I believe; so, I don't know
24 which number is correct.

25 Secondly, if it really is 22,000 customers in

1 South Carolina, is it 22,000 customers or is it
2 22,000 bills? The Customer Care and Billing
3 software should only be allocated at a rate for the
4 percent of bills that South Carolina customers
5 have. For instance, some customers, many
6 customers, have both water and sewer and they're
7 only getting one bill but may have been counted as
8 two customers.

9 So, I believe that ends my testimony. I thank
10 you very much for your time and allowing me to go
11 over my five minutes, and everyone else in the room
12 for listening to all that. That's all I have.

13 [Applause]

14 **CHAIRMAN HOWARD:** Thank you. Mr. Terreni?

15 **MR. TERRENI:** Mr. Chairman, we thank Ms.

16 Hendrix for coming tonight. We have no questions.

17 **CHAIRMAN HOWARD:** ORS?

18 **CROSS EXAMINATION**

19 **BY MR. NELSON:**

20 **Q** Ms. Hendrix, thank you for testifying, first of all. I
21 think we've gotten to know each other fairly well over
22 the last couple of years. Do you have the video that we
23 saw? Is that a website address that you could provide
24 to us or do you have a CD or DVD of that?

25 **A** I have a DVD that I sent to ORS a couple of years ago,

1 but they couldn't read it in the format that it was in.
2 I could try to prepare it in a different format and send
3 it. But, they're also listed on leslieahendrix YouTube
4 channel. But I'd be happy to provide you with a CD of
5 the leaks.

6 **MR. NELSON:** And I think I would ask that that
7 be filed into the record of this case, Mr.
8 Chairman. Also, I don't believe that the exhibit
9 that was passed out was numbered and offered into
10 evidence in this case.

11 **CHAIRMAN HOWARD:** We're getting ready to do
12 that now. Ms. Hendrix's exhibits, the 2009 water
13 quality report and 2009 annual report, will be
14 entered into the record of the case as Hearing
15 Exhibit No. 30.

16 [WHEREUPON, Hearing Exhibit No. 30 was
17 marked and received in evidence.]

18 **MR. NELSON:** Thank you. If Ms. Hendrix could
19 provide the --

20 **CHAIRMAN HOWARD:** It'll be a composite
21 exhibit. There are several water-loss reports. It
22 will be composite Exhibit No. 30.

23 **MR. NELSON:** I think that's all the questions
24 I have. Thank you.

25 **WITNESS:** May I point out something about the

1 water loss?

2 **BY MR. NELSON:**

3 **Q** Absolutely.

4 **A** Okay. I am a customer of Utilities Services of South
5 Carolina, but we all have Utilities, Inc., as our water
6 company. I don't know what the separate company name
7 means. But those water loss videos were taken in my
8 neighborhood because that's where I live, and it is
9 Utilities, Inc., that is making the repairs on Carolina
10 Water Service and Utilities Services of South Carolina
11 lines. I just wanted to point that out before I gave it
12 to you.

13 **Q** Let me ask you one more thing while you're up here,
14 because I know you have some kind of professional
15 experience or background. Would you tell the Commission
16 a little bit about why you're so good with numbers?

17 **A** Well, I just received my Ph.D. in statistics. I finally
18 finished. I got hooded about three weeks ago at the
19 University of South Carolina. I'm an instructor of
20 Statistics there and I teach the basic stats courses,
21 and of course for pre-med majors, the biology majors. I
22 have about 500 students per year. I really like my job.
23 So, I work with numbers a lot.

24 **Q** Thank you, again, Ms. Hendrix. I appreciate it.

25 **A** Thank you.

1 **CHAIRMAN HOWARD:** Commissioners, questions for
2 Ms. Hendrix? Commissioner Mitchell.

3 **EXAMINATION**

4 **BY COMMISSIONER MITCHELL:**

5 **Q** Yes, Ms. Hendrix, could you verify what year that was
6 that you had the video of? Was that this past year or a
7 year back, or do you recall?

8 **A** That would have been, I believe -- when was our
9 pressure-reducing valve finally installed in our
10 neighborhood. That was when I was in Chicago; that was
11 last November. A year and a half ago, approximately.
12 All the dates are labeled on every video.

13 **COMMISSIONER MITCHELL:** Thank you. That's all
14 I have.

15 **CHAIRMAN HOWARD:** I guess I owe you an
16 apology. Any more questions for Dr. Hendrix?

17 [No response]

18 Dr. Hendrix, you may step down. Thank you.

19 **WITNESS:** Thank you.

20 **CHAIRMAN HOWARD:** Wait a minute. I'm sorry.
21 Mr. Elliott.

22 **MR. ELLIOTT:** I have a question of the Chair.
23 Ms. Hendrix is welcome to step down.

24 [WHEREUPON, the witness was excused.]

25 What exactly is in that exhibit? I know

1 there's some paper. I'm not worried about the
2 paper; I can read that.

3 **CHAIRMAN HOWARD:** You didn't get a copy?

4 **COMMISSIONER HAMILTON:** Here are extra copies,
5 if you need them.

6 **MR. ELLIOTT:** Well, no, but there was
7 something about a video? I saw the video, but --

8 **CHAIRMAN HOWARD:** There's nothing about the
9 video in these papers.

10 **MR. ELLIOTT:** The video is not in the exhibit?

11 **CHAIRMAN HOWARD:** No.

12 **MR. ELLIOTT:** Okay. Thank you. It's just
13 paperwork in the exhibit.

14 **CHAIRMAN HOWARD:** Right.

15 **MR. ELLIOTT:** Was there something about
16 putting the web address or something in? I mean,
17 that's what I thought.

18 **MR. NELSON:** I think we've got -- Ms. Hendrix
19 gave us the web address, which is now part of
20 the --

21 **MR. ELLIOTT:** I don't mind the web address in
22 the paper but a bunch of videos I would object to.
23 So, sounds like there's no need for an objection.

24 **CHAIRMAN HOWARD:** All Right. Thank you.

25 **MR. DONG:** Anne Quattrone.

1 **MS. QUATTRONE:** My concerns have been already
2 addressed by my Sen. Cromer, Sen. Jake Knotts, and
3 the president of my homeowners association, Mr.
4 Klugh. So, I will decline from speaking because
5 they've covered all of my concerns.

6 **MR. DONG:** Thank you, very much.

7 **MS. QUATTRONE:** Thank you.

8 **CHAIRMAN HOWARD:** Thank you for coming.

9 **MR. DONG:** Russell Stocker.

10 [Witness sworn/affirmed]

11 THEREUPON came,

12 **R U S S E L L S T O C K E R ,**

13 who, having been first duly sworn, testified as follows:

14 **WITNESS:** My name is Russell Stocker, at 537
15 Harbour Place Court, Lexington, South Carolina
16 29072. I'm a homeowner in the Harbour Place
17 subdivision.

18 And I'll say, Dr. Leslie Hendrix did a fine
19 job, and I call her that because my son is also a
20 Doctor of Statistics from the University of South
21 Carolina, and it takes a long time to earn that
22 degree. She deserves to be called Doctor.

23 To follow up on her, slightly -- I have had
24 three water main breaks in my front yard over the
25 past six, seven years. In her video of the water

1 gusher, I had two like that, and one was a triple.
2 And when I reported those, they asked me do I still
3 have water pressure, and being the answer yes,
4 "Okay, we'll be out tomorrow to look at that." So,
5 in following up with what she said, all that water,
6 right, then gets charged to the customer, rather
7 than coming out immediately to look at it.

8 And I was not pleased with the response I got
9 when they came to fix those problems. I have a
10 hump in my yard in one area, I have a depression in
11 the yard in another area. And the driveway, it was
12 kind on the corner of my driveway and my neighbor's
13 yard, so that, you know, the driveway comes down
14 and then, when it flares out at the end, those are
15 separate cement pieces. They took the cement up.
16 They fixed the pipe. They put it back down, and
17 now it's tilting as the ground settles. I have not
18 tried to call them, you know, to come out and
19 repair that, as of yet.

20 I'm concerned about the rate increase. I know
21 prices are going up, you know, so their service,
22 their trucks, like gasoline and other things are
23 going up. They probably have to give their
24 employees some raises and things along the way.
25 Prices go up. But my boss is not giving me a gas

1 increase or in my salary, so I think they need to
2 suck it up like the rest of us and find a way to
3 manage their company, manage their expenses.

4 Also, it would be interesting to have an
5 accounting of -- like Dr. Hendrix talked about, I
6 mean, what is my water bill? We have 43 lots, but
7 we have 41 homes. Out of the 41 homes, what's our
8 water usage compared to the master meter, and what
9 is that difference, therefore describing what are
10 leaks within the neighborhood, and that they don't
11 have a need to repair if they're just going to pass
12 it on to us. It's not hurting them. If they're
13 hurting in the pocketbook, maybe they'd be more
14 serious to look into that.

15 I also was looking at their document that I
16 got sent in the mail, and I'm looking at the
17 prices, and I see that a single-family home -- I
18 think these are their new prices that they're
19 asking for -- but, a single-family home would be
20 \$44.32 for sewage, and a trailer would be \$31.56.
21 I don't know if my sewage is more valuable than
22 theirs, but I don't know why that would be a
23 difference. The other one that I also -- if
24 sewage, if you only had sewage -- you didn't have
25 their water but you only used sewage -- the

1 residential home would be \$29. I guess I don't
2 care where the water comes from; I would take the
3 same amount of baths. If I had children -- it's
4 just my wife and I at this point -- if I had
5 children and doing clothes and doing whatever, I
6 would think I would use the same amount of water,
7 so therefore a single-family home ought to be
8 charged the same amount for sewage, no matter
9 which. Therefore, maybe increase them and lower
10 everybody else's.

11 And I guess that's pretty much my concerns. I
12 mean, I looked at my bill. I spend \$67-\$70 a month.
13 And I tried to go through what they're talking
14 about would be the increase in rates and tried to
15 apply that to my water cost and carrying charge
16 cost, and --

17 [5-minute alarm]

18 -- you look at that, and I would come out to
19 about a \$28 increase, or \$95.32. And it's just my
20 wife and I; I'm using 3,000, 3,200 gallons of water
21 a month, and so I would consider, you know -- I
22 don't want to say elderly, but older people,
23 elderly people that are on a fixed income, and
24 they're going to face that same charge, two people
25 at home, and I don't know how -- you know, Social

1 Security has not given increases in money and
2 things, so it just hurts the senior citizens, and
3 it's just passed on to all of us. And I think, so
4 far, their response has been shoddy.

5 It was about two years ago, and I believe you
6 all were involved at that time, when they just
7 started billing everybody every three weeks to make
8 up for their -- because they were behind. They
9 changed billing companies and got messed up, they
10 started billing every three weeks. I called and I
11 asked, "Why is that?" And the people who answered
12 the phone -- and I know they've probably got a
13 lousy job because all they can do is get to -- the
14 only time people call is when you're complaining.
15 But, the attitudes and the response there are very
16 poor. And I said, "I need to speak to a
17 supervisor." They didn't want that to happen.
18 They tried to talk me out of that, but, "No, I need
19 to speak to a supervisor." I got the supervisor,
20 and she looked at what I did, she looked at the
21 billing on the computers. "They can't do that."
22 And we didn't get any more bills every three weeks.
23 And recently I was on vacation. I recently
24 retired, so we took off, and I was on a five-week
25 trip, and while I was gone my water got shut off.

1 And I asked -- my neighbor called me while I was
2 away, so I called and they said I didn't pay my
3 bill. I said, "What bill? You haven't sent me a
4 bill." "Well, we sent you a letter. You didn't
5 respond to the letter." I'm not home. I mean, you
6 get a letter and ten days later they turn your
7 water off. And, of course, they wanted to charge
8 me \$35 to reconnect it.

9 I talked to the supervisor -- and I've always
10 paid my bills for the 12 years that I've been there
11 -- and she forgave that and they turned my water
12 back on the next day, which to me was the right
13 thing to do. So, I'll applaud them for that, but
14 you've got to get past the people who only know
15 what they're told to do, and that was to charge me
16 \$35 to turn back my water on when I didn't get a
17 bill. And that's about all I have to say.

18 **CHAIRMAN HOWARD:** Thank you, Mr. Stocker. Mr.
19 Terreni? Mr. Elliott?

20 **MR. TERRENI:** We have no questions, Mr.
21 Chairman. We thank Mr. Stocker for coming tonight.

22 **CHAIRMAN HOWARD:** Mr. Nelson?

23 **CROSS EXAMINATION**

24 **BY MR. NELSON:**

25 **Q** Mr. Stocker, can you tell me of those three leaks you

1 talked about, can you tell me, do you know when those
2 occurred approximately?

3 **A** Just within the past six or seven years. I don't have
4 specific dates.

5 **Q** You don't know if it was the last year or two?

6 **A** Well, the one at the end of my driveway was, you know,
7 between a year and a year and a half ago. You know, it
8 was -- just noticed water sort of coming out of -- sort
9 of out of the ground, and my neighbor also has sort of a
10 drain there from his rain gutters, but we hadn't had any
11 rain, so that brought it to my attention. I mean, that
12 was not a big one. The other two were gushers. We've
13 got a lot of clay, so the grass isn't really attached to
14 the clay but it was attached to the curbing, I mean,
15 like stitching a seam in cloth. And the whole thing was
16 up in the air about 18 inches' worth, water was up in
17 the air, until finally it broke and it was just a big
18 gusher.

19 **Q** Do you know where the leak was then? Was it in the main
20 water line?

21 **A** Main water line, main water line out by the road.

22 **Q** You called them that day, I guess?

23 **A** I called them that day.

24 **Q** And in both cases it took them how long to come?

25 **A** They asked me if I had water -- both times, they asked

1 me if I had water pressure -- therefore, they're
2 assuming I have enough water coming to my home -- and
3 they would come the following day to look at. And
4 that's before I really realized or knew that that is
5 lost water, that difference in meters, that they charge
6 us for. I did not know that at that time.

7 **MR. NELSON:** I've got no further questions.

8 Thank you, sir.

9 **CHAIRMAN HOWARD:** Commissioners, questions of
10 Mr. Stocker?

11 [No response]

12 Mr. Terreni, anything else?

13 **MR. TERRENI:** No, Mr. Chairman. Thank you.

14 **CHAIRMAN HOWARD:** Mr. Stocker, you may step
15 down. Thank you for coming.

16 **WITNESS:** Thank you.

17 [WHEREUPON, the witness was excused.]

18 **MR. DONG:** Jake Brackett.

19 [Witness affirmed]

20 THEREUPON came,

21 **J A K E B R A C K E T T ,**

22 who, having been first duly affirmed, testified as follows:

23 **WITNESS:** I want to thank the Commission for
24 letting me speak tonight, and also Sen. Knotts for
25 coming out. He's a pillar of our community.

1 I'm going to take a little bit of a different
2 approach. I'm an upset citizen. 17 years I've had
3 Carolina Water. I've been coming to these hearings
4 for however many times they have asked for rate
5 increases. Here we are, September 2011, same thing
6 every time. Nothing changes.

7 We tallied up our bills as far back as we
8 could go, and my wife and I stopped at \$17,000, in
9 the time we've lived in the community. I happen to
10 be the customer that Sen. Knotts was talking about
11 that owns a car wash in the City of Columbia. My
12 average water bill at home -- we have one daughter,
13 seven years old -- is about \$140 to \$180 a month
14 for water and sewer. My average water bill at my
15 car wash is \$180 a month. And we wash an average
16 of 700 cars a month.

17 I'm not sure how many of the Commissioners are
18 on Carolina Water, or if you ever have been, but
19 I'm tired. You probably can see I'm just
20 frustrated. 17 years of, like, where has it
21 gotten? I mean, we come to these things, we get up
22 here, we talk, we express our concerns. We're
23 disgruntled, we're upset. What next? What do we
24 do? Keep paying it?

25 I want to move but, you know, we live in an

1 excellent community where the schools are great for
2 our daughter. If it wasn't for that, I would move.
3 I'd love to dig a well, but then I've got the
4 sewer. And so everyone here -- and Dr. Hendrix has
5 just spoke for everyone as far as the statistics,
6 and I'm coming from the other side, which is, you
7 know, put yourself in our shoes. We're tired.

8 You know, will I be back up here again next
9 time they ask for one? Yeah. And it'll be the
10 same thing again. 1993 is when I started paying.
11 I signed petitions, we tried everything we could.
12 Like I said, here we are. September 2011, same
13 thing.

14 That's really all I want to say, except for
15 the boil-water advisory. Thank you.

16 **CHAIRMAN HOWARD:** Thank you, Mr. Brackett.

17 [Applause]

18 **MR. ELLIOTT:** We have no questions, but I
19 didn't get the gentleman's full name or address.

20 **WITNESS:** Jake Brackett, 3400 Mineral Springs
21 Road, Lexington, South Carolina 29073. 18 years.

22 **CHAIRMAN HOWARD:** Office of Regulatory Staff,
23 any questions?

24 **MR. NELSON:** I don't have any questions.
25 Thank you, sir.

1 **CHAIRMAN HOWARD:** Commissioners?

2 [No response]

3 Mr. Brackett, thank you for coming.

4 **WITNESS:** Thank you, very much.

5 [WHEREUPON, the witness was excused.]

6 **MR. DONG:** David Nielsen.

7 [Witness affirmed]

8 THEREUPON came,

9 **D A V I D N I E L S E N ,**

10 who, having been first duly affirmed, testified as follows:

11 **WITNESS:** I guess I'm here just talking up our
12 board member, the president, talking about -- I'm a
13 member of Lands End. I live at 20 Indian Creek
14 Trail. And it's the sanitation system that we have
15 to live with every day. This thing is
16 unbelievable. We can't even open our houses in the
17 springs and falls because our house will smell like
18 a septic tank. And I know it's been going on for
19 years. My dad was a member and lived there for 30-
20 some years, and just as this gentleman says,
21 there's been complaint after complaint but nothing
22 happens with that sewer system.

23 And, you know, we live on the lake and we love
24 our community, and the thing we have with it is,
25 it's embarrassing to bring guests up there when

1 that thing's cooking, because they ask you how do
2 you smell and live in this community with that
3 thing doing what it does?

4 And they've done nothing. I think the thing
5 is over capacity, and it -- it has to be -- it has
6 to be fixed. There's nobody that should have to
7 live in a community like this and smell sewage
8 where you have to lock your house down and not be
9 able to step out. And they know it. It's
10 complaint after complaint after complaint, but yet
11 nothing happens. That's really all I got.

12 **CHAIRMAN HOWARD:** Thank you, Mr. Nielsen.
13 Just keep your seat just a minute -- Mr. Nielsen.

14 **WITNESS:** Sir.

15 **CHAIRMAN HOWARD:** Just give me a chance to see
16 if we have any questions.

17 **MR. ELLIOTT:** No questions of Mr. Nielsen.
18 Appreciate it.

19 **CHAIRMAN HOWARD:** Office of Regulatory Staff?
20 Mr. Nielsen, just a minute.

21 **WITNESS:** Okay.

22 **EXAMINATION**

23 **BY MR. NELSON:**

24 **Q** I didn't hear your full -- could you give me your
25 address one more time?

1 **A** 20 Indian Creek Trail.

2 **Q** How long have you lived in this area?

3 **A** I just moved there. My dad was there for 33 years. I
4 inherited it from him. I've been living there -- I've
5 been visiting that place since I was 14 years old.

6 **Q** Has the company at any time come out or responded in any
7 way to complaints about -- or who made complaints, I
8 guess?

9 **A** My father has. As the board president told you, in
10 reference to this sewer system, what's been done -- I
11 mean, like I said, I haven't -- I moved in here this
12 weekend, but my dad has been a resident there for 30
13 years, and as our board president says, this thing is
14 atrocious. I mean, it smells so bad. And I think it's
15 well -- it's been documented. We've been told to call
16 DHEC. We've been told a lot of things. You know, there
17 is some people in this community -- I don't know if
18 they're going to talk or not -- says DHEC doesn't show
19 up because the calls have been so many.

20 So, that's all I'm saying is that we have a sewer
21 system here -- I've lived in Gardendale, I've lived in
22 Chestnut Hill, which the City of Columbia runs, and they
23 have sewer systems in there, and I've never smelled the
24 odor that this company is asking me to smell on a daily
25 basis when they are processing sewage. It's outrageous.

1 **Q** So, you didn't buy a house in this neighborhood.

2 **A** No, I inherited it. I inherited it. But I'm paying the
3 taxes on it, and I can't believe the taxes I'm paying
4 versus what I'm smelling.

5 [Laughter]

6 **MR. NELSON:** That's all I have.

7 **CHAIRMAN HOWARD:** Commissioners, any
8 questions?

9 [No response]

10 Mr. Brackett, thank you -- Mr. Nielsen. I'm
11 sorry.

12 [WHEREUPON, the witness was excused.]

13 **MR. DONG:** Claire Fort.

14 [Witness sworn]

15 THEREUPON came,

16 **C L A I R E F O R T ,**

17 who, having been first duly sworn, testified as follows:

18 **WITNESS:** My name is Claire Fort, and I live
19 at #2 Holly Ferry Court in Lands End. But, Lands
20 End originally was called Watergate at Lands End,
21 and I think earlier there was some reference made
22 to reports from Carolina Water Service about what
23 they had done at Watergate. Obviously, in whatever
24 year it was, they dropped the Watergate and just
25 called it Lands End.

1 But it is Lands End and I have been out there
2 since 1974. I've lived there for 37 years. And
3 originally when Lands End was built, the facility,
4 which was originally deeded property, originally
5 deeded to an outfit called Investment Developers,
6 Inc., was for a treatment facility just for Lands
7 End, just for the 100-and-some-odd units that would
8 be at Lands End. And over the years, obviously,
9 the owners of that facility have expanded their
10 service area, Harborside, Friarsgate -- I have no
11 clue to where all the various facilities are that
12 they now service out of that particular treatment
13 plant.

14 My belief is it was never intended to be that
15 large a treatment facility and that's why we have
16 the problems that you've heard.

17 I would echo everything that Sen. Knotts and
18 Sen. Cromer have said. Before you even consider
19 giving an increase in rates to this company, they
20 need to do the things that make that company a
21 service to the community, not a burden to the
22 communities that they bill for their services.

23 I recently had, over the wintertime, turned
24 off all the water, didn't use any of the outside
25 water, and back at the end of May, I guess, the AC

1 maintenance man came to my house and was doing
2 regular maintenance on my air-conditioning unit.
3 And a part of that, of course, is flushing out
4 whatever they flush out when they do that, on the
5 outside. So, he turned on the outside water. When
6 he got through with that, he looked at me kind of
7 quizzically, and he said, "Do you have well water
8 here?" And I said, "No, we're on Carolina Water
9 Service." And he said, "That's the worst smelling
10 water I've ever smelled in my life coming out of
11 that hose when I first turned it on."

12 I have -- I'm a single owner at Lands End.
13 I'm there, one adult, and I have a four-pound dog.
14 Our water bill is consistently \$65 a month. I do
15 not let my four-pound dog drink water straight out
16 of the spigot. I have a filter on my spigot in my
17 kitchen.

18 I have tried everything that is made for
19 particular cleaning of toilet bowls that is on the
20 market. Nothing works. It is the most awful
21 staining that occurs with the water in the toilet
22 bowls at Lands End. Other than cleaning them every
23 day manually, there is no way to keep them from not
24 being stained. The same with the sinks, and the
25 same with the bathroom tubs.

1 I just -- I'm sorry, but even when -- and
2 they'll go back and check their records, and
3 they'll see this. But, even when I was in federal
4 court suing them years ago, because they had
5 flooded my house with raw sewage not once but three
6 times, I always paid my bill. Always. I never did
7 not pay my bill. I never got a letter when they
8 decided to disconnect my service. I never got any
9 kind of notice at all, except a little tab that was
10 on my door when I came home one afternoon, which
11 said, "Your water service has been disconnected,"
12 supposedly because I had not paid my invoice from
13 them. Come to find out that was the month that
14 they didn't send out any bills. I hadn't received
15 a bill; I didn't send a payment. And they
16 disconnected it without any notice.

17 So, I would just echo what all these wonderful
18 people have already said. We have constant
19 problems. The arrogance of the company. The
20 absolute, absolute insolence of the people that you
21 deal with just makes it worse. If they even had a
22 modicum of civility about them when you called
23 about a problem, I don't think anybody would be
24 quite as upset as they are. And I hope you will
25 seriously consider what the two senators have said,

1 about requiring them to do substantial work before
2 they get any increase. Thank you.

3 **CHAIRMAN HOWARD:** Mr. Terreni or Mr. Elliott,
4 any questions?

5 **MR. ELLIOTT:** No questions. Thank you, Ms.
6 Fort.

7 **MS. FORT:** You're welcome.

8 **CHAIRMAN HOWARD:** Mr. Nelson?

9 **CROSS EXAMINATION**

10 **BY MR. NELSON:**

11 **Q** Ms. Fort, could you tell me when it was that you got cut
12 off?

13 **A** I'd have to go -- I'm sorry. I didn't write it down.
14 It was the same month that -- I bet if you polled the
15 people here and asked them how many people got their
16 water cut off because they didn't get a bill, it would
17 be that same month. This has been six, eight months
18 ago, nine months ago maybe.

19 **Q** Your guessing sometime within the last year then?

20 **A** Yes. Oh, yeah. Oh, yeah. Ohh, yes.

21 **Q** I don't think I've got any other questions. Thank you,
22 very much.

23 **A** Okay.

24 **CHAIRMAN HOWARD:** Ms. Fort, just --

25 **WITNESS:** Oh, I'm sorry. I'm sorry. I

1 forgot.

2 **CHAIRMAN HOWARD:** Commissioners, any
3 questions?

4 [No response]

5 Now you may step down. Thank you, again, for
6 coming.

7 [Applause]

8 [WHEREUPON, the witness was excused.]

9 **MR. DONG:** Susan Davis.

10 [Witness sworn]

11 THEREUPON came,

12 **S U S A N D A V I S ,**

13 who, having been first duly sworn, testified as follows:

14 **WITNESS:** Good evening. I'm Susan Davis. I
15 live at 105 Torrisdale Drive in Lexington, 29073.
16 I'll be very quick.

17 Chairman, Vice Chairman, and fellow
18 Commissioners, thank you for the opportunity to
19 speak with you this evening. As all of you are
20 aware, the Public Service Commission of South
21 Carolina has a mission statement and several goals
22 posted on their website. Two of the goals are as
23 follows: One of them is to seek to ensure that the
24 citizens of the State receive appropriate levels of
25 customer satisfaction and quality of service for

1 those services provided through the entities
2 regulated by you Commissioners. Another one is to
3 seek to ensure that within a more competitive
4 utility environment, that core or captive customers
5 with little market power are not unduly burdened
6 with the cost of competition and are provided
7 appropriate service and service options.

8 As a citizen of Lexington and a customer of
9 Carolina Water, I hold the Public Service
10 Commissioners responsible for my exorbitant bills
11 and my ongoing frustrations. It clearly states in
12 the stated goals that the Commissioners, many past
13 and now you present, are to ensure that a
14 competitive environment is created so the customer
15 is not unduly burdened, as we have little market
16 power.

17 This is not my first time at a hearing, and my
18 understanding is that customer service problems and
19 exceptionally high bills have been an ongoing
20 issue. After discussing this with several realtors
21 in the area, they confirm that individuals
22 purchasing homes will avoid purchasing a home
23 serviced by Carolina Water because they are aware
24 of the extreme cost and the water quality
25 associated with this service.

1 As Commissioners, if you truly have your
2 citizens' best interests in mind, you could -- as
3 the goal states -- provide us an appropriate
4 service option. In other words, consider asking
5 Carolina customers if they would like to maintain
6 their service or switch to another service option.
7 If indeed Carolina Water is doing the phenomenal
8 job that they say, for a reasonable price, I
9 suspect no one would change their service. But as
10 we all know, currently, anyone receiving their
11 service would switch tonight if the opportunity
12 were given.

13 Carolina Water has been permitted to bill
14 customers without looking at the meter. At a
15 neighborhood meeting, a neighbor had a photo with
16 grass completely covering the meter lid. Another
17 neighbor had their meter totally filled with mud.
18 And I don't understand why Carolina Water users are
19 charged a pass-through that I need to pay for. My
20 understanding is that I should only be charged for
21 the water that I use.

22 It has to make me wonder why a group of
23 Commissioners, past or present, will continue to
24 allow us citizens to be taken advantage of. For
25 this I can only speculate. I therefore strongly

1 disagree with an increase in water and sewer
2 charges, and instead would encourage the
3 Commissioners to insist that Water Carolina [sic]
4 decrease our charges by 80 percent.

5 [Applause]

6 In other industries, the request made by
7 Carolina would be considered price gouging. Thank
8 you for your time.

9 **CHAIRMAN HOWARD:** Thank you, Ms. Davis.
10 Carolina Water?

11 **MR. ELLIOTT:** Thank you, Ms. Davis. No
12 questions.

13 **CHAIRMAN HOWARD:** Office of Regulatory Staff?

14 **MR. NELSON:** No questions. Thank you, ma'am.

15 **WITNESS:** Okay, thank you.

16 **CHAIRMAN HOWARD:** Commissioners, any questions
17 of Ms. Davis?

18 [No response]

19 Ms. Davis, you may step down. Thank you for
20 coming.

21 **WITNESS:** Thank you.

22 [Applause]

23 [WHEREUPON, the witness was excused.]

24 **MR. DONG:** We've reached the end of the list.
25 Is there anyone else present who wishes to speak?

1 MR. ORR: [Indicating.]

2 MR. DONG: Yes, sir?

3 MR. ORR: Would you like me to come forward?

4 MR. DONG: Yes, sir, if you would.

5 CHAIRMAN HOWARD: Yes, please. You've got to
6 be sworn in.

7 [Brief pause]

8 MR. DONG: Sir, would you be more comfortable
9 sitting at the center table with the microphone?

10 MR. ORR: I'd be more comfortable if I could
11 just stand.

12 MR. DONG: Yes, sir. Okay.

13 MR. ORR: That'll be fine.

14 MR. DONG: Well, there's a microphone right
15 there.

16 MR. ORR: First, of all, I want to thank all
17 of you. I -- oh, you want my name? Albert Orr,
18 and that's with an A.

19 [Witness affirmed]

20 THEREUPON came,

21 A L B E R T O R R ,

22 who, having been first duly affirmed, testified as follows:

23 WITNESS: I want to thank the Commissioners.

24 I have had the opportunity to sit in jobs in
25 various places similar to what you have, so I

1 really understand some of what you're going
2 through.

3 Carolina Water system, as far as I'm
4 concerned, does not need a rate increase. You
5 should really consider cutting the rates. I have
6 just received a bill that -- I'm going to eliminate
7 the sewerage part, and just the water: \$60 for 27
8 days. 27 days for \$60. Gentlemen, that is
9 ridiculous. They are overcharging.

10 I know this is a company that's owned
11 someplace in Chicago. I sometimes wonder who owns
12 this company. It makes me wonder is it the mafia
13 or not?

14 The other thought is, I understand that
15 they've just changed hands. Was it a corporate
16 flip-flop? So, they want to recoup their
17 investment very, very quickly? We've all been
18 there. We understand that a lot of companies like
19 to do that. I don't think that's fair. I don't
20 think it's fair to any of us.

21 We pay a tremendous amount of money for the
22 service that they are giving us. You've heard
23 about the pass-through. I know a lot of the water
24 comes from West Columbia. I have a friend who
25 lives within about a half a mile from me; he gets

1 his water from West Columbia. They bill him twice
2 -- just once every other month. He pays around
3 \$30, \$40 for his water. I -- and there's just two
4 of us that live in the home. We pay a fixed rate
5 for sewerage. This is the first time that I've run
6 into this in many -- in the communities in this
7 State, I don't know, but most places you pay
8 sewerage based on the volume of water that you use,
9 not on a fixed rate. I don't understand why
10 they're doing that, because if it's one person,
11 you're only going to use so much sewerage that's
12 going into their system.

13 I think that is a usury system. I mean,
14 gentlemen and ladies, I hope you really will think
15 very, very hard about giving this company any
16 additional money. Really, really, I think they
17 need to have a cut made in it. This is one of the
18 most exorbitant prices of any places that I have
19 lived. And I've lived in some very expensive
20 places.

21 I want to thank you very, very much for the
22 time. Is there any questions from any of you?

23 **CHAIRMAN HOWARD:** Mr. Orr, thank you. Mr.
24 Elliott?

25 **MR. ELLIOTT:** Just an address -- just your

1 address, sir?

2 **WITNESS:** It's 125 Pear Court.

3 **MR. ELLIOTT:** P-a-i-r?

4 **WITNESS:** Yes, just like the fruit tree.

5 **MR. ELLIOTT:** Thank you. No further
6 questions.

7 **WITNESS:** All right.

8 **CHAIRMAN HOWARD:** Office of Regulatory Staff?

9 **MR. NELSON:** No questions for Mr. Orr. Thank
10 you, sir.

11 **CHAIRMAN HOWARD:** Commissioners, any questions
12 of Mr. Orr?

13 [No response]

14 Mr. Orr, thank you for coming out.

15 **WITNESS:** Thank you, very much.

16 **CHAIRMAN HOWARD:** That concludes the people
17 that are signed up. Anybody else want to say
18 anything?

19 **MS. PINNELL:** [Indicating.]

20 **CHAIRMAN HOWARD:** Yes, ma'am. Come forward
21 please and give your name.

22 [Witness affirmed]

23 THEREUPON came,

24 **B E V E R L Y P I N N E L L ,**

25 who, having been first duly affirmed, testified as follows:

1 **WITNESS:** My name is Beverly Pinnell. We have
2 been in South Carolina for about three and a half
3 years. And moving from Ohio, we have never, ever
4 paid this much for water, ever. And when we moved
5 here, we lived in an apartment for about six
6 months, and we're building a home here in
7 Lexington. We did not find out about Carolina
8 Water until after we started the process of
9 building our home, and found out the reputation of
10 Carolina Water. Had we known it ahead of time, we
11 would not have done that, and we will never build a
12 home -- or have Carolina Water if at all possible.
13 It's just outrageous.

14 My statement is this. The water distribution
15 charge -- we get charged for water distribution, we
16 get charged for water usage, and then we get
17 charged for water supply. Now, our water usage is
18 pretty high -- I mean, it's not extremely high. If
19 that was what I was paying, that would be great.
20 But they're also charging a water supply charge
21 which is almost double of what our water usage is.
22 So, we could have a bill of water usage for \$38;
23 they will charge us \$79 for our water supply
24 charge, and then on top of that they charge us the
25 water distribution charge. I think that's

1 outrageous for them to charge double what we use in
2 water.

3 I just sent Carolina Water a check for \$156
4 for one month. I had a neighbor tell me that she
5 just sent Carolina Water a check for \$246 for one
6 month. When you're paying that much for water,
7 it's just unbelievable. We're not paying that much
8 for our gas and electric.

9 I work for Lexington District One school
10 district. My husband is clergy. Neither of us
11 have had a pay increase in over two years. And for
12 Carolina Water to suggest an 80 percent increase in
13 what we have to pay is unbelievable, when the
14 economy that we're living in is like it is and then
15 they want an 80 percent increase on people who are
16 not even getting an increase in their pay. So,
17 that's all I have to say.

18 **CHAIRMAN HOWARD:** Thank you, Ms. Pinnell. Mr.
19 Elliott?

20 **MR. ELLIOTT:** Simply this, I did not get Ms.
21 Pinnero's address either.

22 **WITNESS:** Pinnell. It's 202 --

23 **MR. ELLIOTT:** Pinnell?

24 **WITNESS:** Yes, Pinnell. P-i-n-n-e-l-l.

25 **MR. ELLIOTT:** Thank you.

1 **WITNESS:** It's 202 Melann Pass. M-e-l-a-n-n.

2 **MR. ELLIOTT:** Thank you. Thank you, ma'am.

3 **WITNESS:** Thank you.

4 **CHAIRMAN HOWARD:** Just a minute, Ms. Pinnell.

5 Ms. Pinnell, wait --

6 **WITNESS:** I'm sorry.

7 **CHAIRMAN HOWARD:** -- just a second. Office of
8 Regulatory Staff?

9 **MR. NELSON:** No questions, other than to
10 congratulate Ms. Pinnell for moving here from Ohio.

11 **MR. ELLIOTT:** Yeah.

12 [Laughter]

13 **CHAIRMAN HOWARD:** Just a minute, one more
14 time.

15 **WITNESS:** Okay.

16 **CHAIRMAN HOWARD:** Commissioners? Somebody
17 please ask Ms. Pinnell a question.

18 [Laughter]

19 [No response]

20 Ms. Pinnell, thank you very much for coming.

21 [Applause]

22 [WHEREUPON, the witness was excused.]

23 Anyone else?

24 [No response]

25 I do want to thank you all for coming. I

1 appreciate it very much, especially those of y'all
2 who've spoken. Thank you all for your interest.
3 Thank you again, Sen. Knotts and Sen. Cromer, for
4 coming.

5 This hearing is adjourned. I'll remind you
6 that the merits hearing continues tomorrow at 9
7 a.m. Thank you again for coming.


8 [WHEREUPON, at 7:15 p.m., the hearing in
9 the above-entitled matter was adjourned,
10 to reconvene at 9:00 a.m., on September
11 8, 2011.]

C E R T I F I C A T E

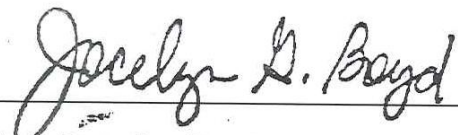
I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, Notary Public in and for the State of South Carolina, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had and testimony adduced in an evening public hearing held in the above-captioned matter before the Public Service Commission of South Carolina;

That the witnesses appearing during said hearing were sworn/affirmed by me to state the truth, the whole truth, and nothing but the truth;

IN WITNESS WHEREOF, I have hereunto set my hand and seal, on this the 4th day of October, 2011.


Jo Elizabeth M. Wheat, CVR-CM-GNSC

ATTEST:


Jocelyn G. Boyd,
CHIEF CLERK/ADMINISTRATOR